



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
TODD COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Cecil S. Mallory, Jr., County Judge/Executive

Members of the Todd County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Todd County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Todd County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Todd County, Kentucky prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Todd County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Cecil S. Mallory, Jr., County Judge/Executive

Members of the Todd County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Todd County, Kentucky, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The other information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present a Schedule of Findings and Questioned Costs, included herein, which discusses the following area of noncompliance:

- The Fiscal Court Should Adopt An Administrative Code In Proper Form

In accordance with Government Auditing Standards, we have also issued our report dated April 20, 1999 on our consideration of Todd County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
April 20, 1999

TODD COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Cecil S. Mallory, Jr.	County Judge/Executive
Harold M. Johns	County Attorney
Billy Fowler	County Clerk
James M. Groves	Circuit Court Clerk
Dallas Orr	Sheriff
Boone Stokes	Jailer
Virgil Monroe	Property Valuation Administrator
Georgia Sanford	County Treasurer
Jimmy Shemwell	Coroner
Boone Thornhill	Magistrate
John F. Groves	Magistrate
Roy Addison, Jr.	Magistrate
Carl Templeman	Magistrate
Dean Moore	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

TODD COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

Fiscal Year Ended June 30, 1998

Assets and Other Resources

Assets

General Fund:

Cash	\$ 38,804
Investments	253,959

Road and Bridge Fund:

Investments	253,959
-------------	---------

Local Government Economic Assistance Fund:

Cash	5,652
------	-------

Ambulance Fund:

Cash	52,365
------	--------

Dispatch Fund:

Cash	56,289
------	--------

Timberland Tax Fund:

Cash	3,349
------	-------

Other Resources

Jail Fund:

Amounts to be Provided in Future Years for Jail Capital

Lease Obligations - Principal Payments	106,000
--	---------

Total Assets and Other Resources

	\$ 770,377
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The accompanying notes are an integral part of the financial statements.

TODD COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
Fiscal Year Ended June 30, 1998
(Continued)

Liabilities and Fund Balances

Liabilities

Jail Fund:

Capital Lease Obligation - Principal Payments (Note 4)	\$ 106,000
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Fund Balances

Reserved:

Ambulance Fund	52,365
Dispatch Fund	56,289
Timberland Tax Fund	3,349

Unreserved:

General Fund	292,763
Road and Bridge Fund	253,959
Local Government Economic Assistance Fund	5,652

Total Liabilities and Fund Balances

\$ 770,377

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

TODD COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,482,349	\$ 530,902	\$ 993,636	\$ 181,715
Transfers In	341,237	98,300	35,049	103,285
Timberland Tax	2,069			
Total Cash Receipts	<u>\$ 2,825,655</u>	<u>\$ 629,202</u>	<u>\$ 1,028,685</u>	<u>\$ 285,000</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,489,289	\$ 422,923	\$ 932,842	\$ 280,000
Transfers Out	341,237	218,837	95,631	
Bonds:				
Kentucky State Treasurer	1,454			
KACO Leasing Trust - Principal	5,000			5,000
Total Cash Disbursements	<u>\$ 2,836,980</u>	<u>\$ 641,760</u>	<u>\$ 1,028,473</u>	<u>\$ 285,000</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (11,325)	\$ (12,558)	\$ 212	\$ 0
Cash Balance - July 1, 1997*	<u>675,702</u>	<u>305,321</u>	<u>253,747</u>	
Cash Balance - June 30, 1998*	<u><u>\$ 664,377</u></u>	<u><u>\$ 292,763</u></u>	<u><u>\$ 253,959</u></u>	<u><u>\$ 0</u></u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

TODD COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Federal Grant Fund	Ambulance Fund	Dispatch Fund	Solid Waste Fund	Timberland Tax Fund
\$ 18,536 2,669	\$ 408,245	\$ 155,822 47,000	\$ 107,287	\$ 86,206 54,934	\$ 2,069
\$ 21,205	\$ 408,245	\$ 202,822	\$ 107,287	\$ 141,140	\$ 2,069
\$ 12,884 2,669	\$ 408,245	\$ 192,952 24,100	\$ 98,303	\$ 141,140	\$ 1,454
\$ 15,553	\$ 408,245	\$ 217,052	\$ 98,303	\$ 141,140	\$ 1,454
\$ 5,652	\$ 0	\$ (14,230) 66,595	\$ 8,984 47,305	\$ 0	\$ 615 2,734
\$ 5,652	\$ 0	\$ 52,365	\$ 56,289	\$ 0	\$ 3,349

TODD COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Todd County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Todd County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

TODD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The county met the requirements stated above, and as of June 30, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county's agent in the county's name.

TODD COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1998
 (Continued)

Note 4. Long-Term Debt

The county entered into a lease agreement with Kentucky Association of Counties Leasing Trust for construction on the Todd County Jail. The agreement required a monthly interest payment and a semi-annual principal payment on January 20, and July 19. The total principal balance of the agreement is \$106,000, on June 30, 1998. Remaining lease requirements are:

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999	\$ 7,548	\$ 5,000
2000	7,185	5,000
2001	6,791	6,000
2002	6,325	7,000
2003	5,817	7,000
2004	5,308	7,000
2005	4,770	8,000
2006	4,158	9,000
2007	3,505	9,000
2008	2,821	10,000
2009-2011	3,941	33,000
Totals	<u>\$ 58,169</u>	<u>\$ 106,000</u>

Note 5. Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement.

Liabilities of the Road Fund are:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Tool Carrier	12/10/96	01/20/02	4.67%	\$ 41,000

Note 6. Insurance

For the fiscal year ended June 30, 1998, Todd County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

TODD COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 459,436	\$ 530,902	\$ 71,466
Road and Bridge Fund	952,802	993,636	40,834
Jail Fund	287,354	181,715	(105,639)
Local Government Economic Assistance Fund	15,622	18,536	2,914
Federal Grant Fund	413,800	408,245	(5,555)
Ambulance Fund	217,000	155,822	(61,178)
Dispatch Fund	99,400	107,287	7,887
Solid Waste Fund	141,140	86,206	(54,934)
Total	<u>\$ 2,586,554</u>	<u>\$ 2,482,349</u>	<u>\$ (104,205)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,586,554
Add: Budgeted Prior Year Surplus			87,485
Less: Other Financing Uses			<u>(5,000)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,669,039</u>

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SCHEDULE OF OPERATING REVENUE

TODD COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes and Excess Fees</u>				
Sheriff:				
Taxes	\$ 222,821	\$ 222,821	\$	\$
Excess Fees - 1997	7,488	7,488		
County Clerk:				
Deed Transfer Tax	14,058	14,058		
Delinquent Taxes	3,071	3,071		
Excess Fees - 1996	1,821	1,821		
Excess Fees - 1997	38,303	38,303		
Tangible Personal Property Taxes:				
Other Counties	5,580	5,580		
County Clerk	39,403	39,403		
Omitted Taxes - State	1,349	1,349		
Franchises - State	4,061	4,061		
In Lieu of Taxes:				
Tennessee Valley Authority	58,435	58,435		
Telephone Tax	84,787			
Entertainment Tax	43,330	43,330		
Totals	\$ 524,507	\$ 439,720	\$ 0	\$ 0

Federal Receipts - State Treasurer

Disaster and Emergency Assistance				
Grant-Coordinator Salary	\$ 646	\$ 646	\$	\$
Community Development Block				
Grant-Local Law Enforcement	2,500			
Community Development Block				
Grant-Senior Citizens Center	405,445			
Disaster and Emergency Assistance				
Grant-1997 Flood Relief	8,642	7,710	932	
Totals	\$ 417,233	\$ 8,356	\$ 932	\$ 0

TODD COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Federal Grant Fund	Ambulance Fund	Dispatch Fund	Solid Waste Fund
\$	\$	\$	\$	\$
			84,787	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 84,787</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$
	2,500			
	405,445			
<u>\$ 0</u>	<u>\$ 407,945</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

TODD COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 25,227	\$	\$	\$ 25,227
Medical Allotments	2,461			2,461
Driving Under The Influence Fees	2,625			2,625
Housing State Prisoners	116,860			116,860
Court Costs, Jail Operation	5,130			5,130
Jail Contract with Other Counties	659			659
County Road Aid	646,264		646,264	
Public Defender Allotment	17,288	17,288		
Truck License Distribution	151,651		151,651	
Courthouse Rental - Administrative				
Office of the Courts	26,567	26,567		
Refunds:				
Legal Process Tax	58	58		
Driver Licenses	1,049		1,049	
State Reimbursement	1,357			1,357
Severance Taxes:				
Mineral	18,536			
Grants:				
Disaster and Emergency Services				
Reimbursement	323	323		
Disaster and Emergency				
Assistance-				
1997 Flood Relief	3,726		3,726	
Transportation Cabinet	162,137		162,137	
Totals	\$ 1,181,918	\$ 44,236	\$ 964,827	\$ 154,319

TODD COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Federal Grant Fund	Ambulance Fund	Dispatch Fund	Solid Waste Fund

\$	\$	\$	\$	\$
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18,536

\$ 18,536	\$ 0	\$ 0	\$ 0	\$ 0
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TODD COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 50,383	\$ 23,643	\$ 23,643	\$
Circuit Court Clerk:				
Home Incarceration	6,670			6,670
Work Release	3,696			3,696
Housing Prisoners- Other Counties	11,898			11,898
Jail:				
Telephone Commission Refunds	3,715			3,715
Community Development Block Grant - Local Law Enforcement	278			
Licenses and Permits:				
Cable TV Franchise	262	262		
Charges for Services:				
Garbage Collection Fees	86,206			
Dispatch Service	22,500			
Ambulance Service	105,267			
Road Materials	4,234		4,234	
Ambulance Membership	40,860			
Ambulance Donations	6,620			
Telephone Commission	181	181		
Vending Machine	216	216		
Surplus Machinery/Equipment Sales	315	315		
Advertising	231	231		
Rent	9,000	9,000		
Miscellaneous Items	6,159	4,742		1,417
Totals	\$ 358,691	\$ 38,590	\$ 27,877	\$ 27,396
Total Operating Revenue	\$ 2,482,349	\$ 530,902	\$ 993,636	\$ 181,715

TODD COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Federal Grant Fund	Ambulance Fund	Dispatch Fund	Solid Waste Fund
\$	\$ 22	\$ 3,075	\$	\$
	278			
				86,206
		105,267	22,500	
		40,860		
		6,620		
<u>\$ 0</u>	<u>\$ 300</u>	<u>\$ 155,822</u>	<u>\$ 22,500</u>	<u>\$ 86,206</u>
<u>\$ 18,536</u>	<u>\$ 408,245</u>	<u>\$ 155,822</u>	<u>\$ 107,287</u>	<u>\$ 86,206</u>

**COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES**

TODD COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final</u> <u>Budget</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Under</u> <u>(Over)</u> <u>Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 49,068	\$ 49,068	\$
Secretaries	18,745	18,745	
Office Materials and Supplies	1,200	1,136	64
Bond	100	51	49
Telephone	1,000	948	52
Travel	1,000	123	877
Office of County Attorney:			
Salaries-			
County Attorney	5,850	5,850	
Secretaries	6,642	6,642	
Utilities	1,800	782	1,018
Office of County Clerk:			
County Clerk Salary	1,200	1,200	
Tax Bill Preparation	2,647	2,647	
Office of Sheriff:			
Advertising Tax Bills	1,700	1,532	168
Bond	400	356	44
Vehicle Repair	2,900	2,900	
Materials and Supplies	35		35
Uniforms	465	465	
Postage	1,920	1,920	
Telephone	2,574	2,574	
Transporting Prisoners	3,726	3,167	559
Office of County Coroner:			
Salaries-			
County Coroner	12,857	12,857	
Deputy Coroner	4,822	4,821	1
Autopsies and Attendant Service	1,074	1,074	
Training	800	791	9

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Fiscal Court:			
Magistrates-			
Salaries	\$ 47,971	\$ 47,971	\$
Expense Allowance	10		10
Association Dues	675	675	
Office of Property Valuation Administrator:			
Statutory Contribution	12,900	12,751	149
Office of Board of Assessment Appeals:			
Per Diem	400	400	
Office of County Treasurer:			
County Treasurer Salary	8,030	8,030	
Bond	300	294	6
Office Materials and Supplies	500	465	35
Advertising	1,290	1,290	
County Law Library:			
Law Librarian Salary	600	600	
Elections:			
Per Diem-			
Election Commissioners	610	610	
Election Officers	5,690	3,733	1,957
Advertising	700	426	274
Preparing Voting Machine	1,500		1,500
Rental Polling Places	400	160	240
Printing	4,000	2,252	1,748
Voting Machines	65,520	65,520	

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Courthouse:			
Janitor Salary	\$ 9,000	\$ 7,896	\$ 1,104
Renewals and Repairs	6,219	6,219	
Utilities	38,000	29,582	8,418
Materials and Supplies	4,000	3,814	186
<u>Protection to Persons and Property</u>			
Disaster and Emergency Services:			
Director Salary	2,400	2,400	
Contributions	1,000	769	231
Office of Public Defender:			
Contribution	17,288	17,288	
<u>General Health and Sanitation</u>			
Dog Control:			
Medical Services	200	80	120
Other Contracted Services	2,625	2,625	
<u>Administration</u>			
General Services:			
Auditing Services	12,858	12,858	
Insurance-			
Building and Contents	4,000	3,750	250
Errors and Omissions	1,500	1,500	
Liability	10,570	10,570	
Area Development District Dues	3,037	3,037	
Kentucky Association of Counties Dues	800	800	
Miscellaneous	1,000	545	455

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Administration (Continued)</u>			
General Services: (Continued)			
Reserve for Transfers	\$ 44,993	\$	\$ 44,993
Mandated Program Support:			
Disaster Relief Funds	7,710	7,710	
Fringe Benefits:			
County Contributions-			
Social Security	18,500	16,428	2,072
Retirement	20,000	18,088	1,912
Health Insurance	4,000	3,780	220
Worker's Compensation	9,000	3,938	5,062
Unemployment Insurance	9,000	4,420	4,580
Total General Fund	\$ 501,321	\$ 422,923	\$ 78,398

ROAD AND BRIDGE FUND

Roads

Road Maintenance:

Salaries-			
Road Foreman	\$ 25,954	\$ 25,953	\$ 1
Road Labor	125,270	125,270	
Office Materials and Supplies	764	764	
Telephone	826	826	
Legal Notices	200	188	12
Asphalt	367,880	367,880	
Crushed Stone and Gravel	109,808	109,808	
Diesel Fuel	16,240	16,185	55
Contracted Construction	80		80
Equipment Rental	6,820	6,820	
General Construction Materials	27,668	27,624	44
Machinery and Equipment-			
Repairs	20,230	20,230	
New Road Machinery	98,413	98,413	

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Roads (Continued)</u>			
Road Maintenance: (Continued)			
Building-			
Repairs	\$ 3,220	\$ 3,220	\$
Construction	20,000	19,338	662
Pipe	33,000	29,660	3,340
Tires and Tubes	12,000	5,108	6,892
Utilities	3,500	2,565	935
Laundry	400	281	119
Other Materials and Supplies	600	317	283
<u>Debt Service</u>			
Other County Liabilities:			
Lease-Purchase Agreement	21,000	21,000	
Interest	3,000	2,429	571
<u>Administration</u>			
General Services:			
Auditing	4,000		4,000
Insurance-			
Building and Content	473	188	285
Liability	8,760	8,760	
Vehicle and Equipment	8,027	8,027	
Miscellaneous	1,000	492	508
Fringe Benefits:			
County Contributions-			
Retirement	11,674	11,674	
Social Security	10,794	10,794	
Health Insurance	2,000	1,872	128
Worker's Compensation	9,201	7,156	2,045
Total Road and Bridge Fund	<u>\$ 952,802</u>	<u>\$ 932,842</u>	<u>\$ 19,960</u>

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 33,518	\$ 33,518	\$
Jail Personnel	96,836	96,836	
Operations-			
Cleaning Supplies	500	158	342
Food Service Equipment	500	234	266
Food	49,785	49,785	
Gasoline	472	472	
Jail Linens	1,526	1,526	
Office Supplies	1,359	1,359	
Prisoner Clothing	500	365	135
Prisoner Hygiene	250	217	33
Routine Medical	7,856	7,856	
Staff Uniforms	600	453	147
Staff Training	1,000	687	313
Staff Travel	3,587	3,587	
Telephone	2,749	2,749	
Contract with other Counties-Juveniles	28,255	28,255	
Utilities	9,830	9,830	
Housing Prisoners - Other Counties	6,107	6,107	
Miscellaneous Operating Expense	1,000	984	16
<u>Debt Service</u>			
Jail Capital Lease Obligation:			
Interest	6,949	6,822	127
<u>Administration</u>			
General Services:			
Insurance-			
Building	1,325	1,325	
Liability	3,465	3,446	19
Association Dues	300	250	50

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>JAIL FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 492	\$	\$ 492
Fringe Benefits:			
County Contributions-			
Retirement	10,319	10,319	
Social Security	9,625	9,555	70
Health Insurance	75	75	
Worker's Compensation	3,574	3,230	344
Total Operating Budget	\$ 282,354	\$ 280,000	\$ 2,354
Other Financing Uses:			
Jail Capital Lease Obligation:			
Principal	5,000	5,000	
Total Jail Fund	\$ 287,354	\$ 285,000	\$ 2,354

LOCAL GOVERNMENT ECONOMIC
 ASSISTANCE FUND

Protection to Persons and Property

Office of Public Defender:			
Public Advocacy Program	\$ 1,400	\$ 1,368	\$ 32

General Health and Sanitation

Solid Waste Collection:			
Carcass Removal	5,600	5,573	27

Social Services

Senior Citizens Program:			
Telephone	842	842	

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)</u>			
<u>Recreation and Culture</u>			
Parks:			
Contribution	\$ 2,000	\$ 2,000	\$
<u>Roads</u>			
Road Maintenance:			
Airport Maintenance	500	500	
General Construction Materials	2,679		2,679
<u>Administration</u>			
Contracted Services:			
Pennyrile Narcotics Task Force	<u>2,601</u>	<u>2,601</u>	
Total Local Government Economic Assistance Fund	<u>\$ 15,622</u>	<u>\$ 12,884</u>	<u>\$ 2,738</u>
<u>FEDERAL GRANTS FUND</u>			
<u>General Government</u>			
Office of the Sheriff:			
Deputy Salary	\$ 2,800	\$ 2,800	\$
<u>Capital Projects</u>			
Building:			
Senior Citizens	<u>411,000</u>	<u>405,445</u>	<u>5,555</u>
Total Federal Grants Fund	<u>\$ 413,800</u>	<u>\$ 408,245</u>	<u>\$ 5,555</u>

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>AMBULANCE FUND</u>			
<u>Protection to Persons and Property</u>			
Ambulance Service:			
Salaries	\$ 135,000	\$ 134,421	\$ 579
Advertising	300	45	255
Contracts With Private Agencies	1,000	279	721
Janitorial Services	200		200
Laundry Services	1,200	1,036	164
Maintenance-			
Radio	500	66	434
Vehicle	3,000	1,798	1,202
Custodial Supplies	583	583	
Diesel	3,500	2,865	635
Office Supplies	801	801	
Tires	1,000		1,000
Uniforms	500	150	350
Medical Supplies	5,918	5,918	
Postage	1,300	1,300	
Printing	500	259	241
Refunds	3,625	3,625	
Building Repairs	500	439	61
Telephone	1,685	1,685	
Utilities	5,913	5,913	
New Vehicle	43,879	7,377	36,502

Administration

General Services:

Insurance-			
Building and Contents	300	300	
Errors and Omissions	300	300	
Liability	425		425
Vehicle and Equipment	1,875	1,875	
Miscellaneous	1,000	701	299

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>AMBULANCE FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Fringe Benefits:			
Social Security	\$ 8,600	\$ 7,973	\$ 627
Retirement	10,000	7,140	2,860
Medical Insurance	2,000	936	1,064
Worker's Compensation	4,596	3,302	1,294
Medicare	2,000	1,865	135
Total Ambulance Fund	<u>\$ 242,000</u>	<u>\$ 192,952</u>	<u>\$ 49,048</u>

DISPATCH FUND

Protection to Persons and Property

Emergency Dispatch Service:			
Dispatch Salaries	\$ 57,000	\$ 53,296	\$ 3,704
Contracts With Private Agencies	30,100	30,094	6
Janitorial Services	1,000		1,000
Maintenance and Repair-			
Radio	1,000	130	870
Building	1,000	106	894
Custodial Supplies	800	493	307
Office Supplies	1,128	1,128	
Printing	800	23	777
Telephone	4,714	2,949	1,765
Training	1,000		1,000
Utilities	4,000	2,730	1,270
New Equipment	2,500	1,580	920

Administration

General Services:			
Insurance-			
Building and Content	1,500	150	1,350
Liability	1,500		1,500
Miscellaneous	900		900

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>DISPATCH FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Fringe Benefits:			
Social Security	\$ 3,500	\$ 3,254	\$ 246
Retirement	5,000	1,397	3,603
Medical Insurance	600		600
Worker's Compensation	958	212	746
Medicare	1,000	761	239
	<hr/>	<hr/>	<hr/>
Total Dispatch Fund	\$ 120,000	\$ 98,303	\$ 21,697

SOLID WASTE FUND

General Health and Sanitation

Solid Waste Collection:

Salaries-

Truck Drivers	\$ 14,560	\$ 14,560	\$
Attendants	8,984	8,984	
Contracted Services	95,482	95,482	
Repairs	4,282	4,282	
Diesel	5,705	5,705	
Tires and Tubes	2,080	2,080	
Utilities	1,041	1,041	
New Equipmnet	4,250	4,250	

Administration

General Services:

Insurance-

Liability	500	500	
Vehicle and Equipment	625	625	
Miscellaneous	274	274	

TODD COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>SOLID WASTE FUND Continued)</u>			
<u>Administration (Continued)</u>			
Fringe Benefits:			
Social Security	\$ 1,347	\$ 1,347	\$
Retirement	1,259	1,259	
Worker's Compensation	436	436	
Medicare	315	315	
	<u> </u>	<u> </u>	<u> </u>
Total Solid Waste Fund	\$ 141,140	\$ 141,140	\$ 0
	<u> </u>	<u> </u>	<u> </u>
Total Operating Budget - All Funds	\$ 2,669,039	\$ 2,489,289	\$ 179,750
	<u> </u>	<u> </u>	<u> </u>
Other Financing Uses:			
Jail Capital Lease Obligation:			
Principal	5,000	5,000	
	<u> </u>	<u> </u>	<u> </u>
TOTAL BUDGET - ALL FUNDS	<u>\$ 2,674,039</u>	<u>\$ 2,494,289</u>	<u>\$ 179,750</u>

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

Honorable Cecil S. Mallory, Jr., County Judge/Executive
Members of the Todd County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Todd County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated April 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Todd County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Todd County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Cecil S. Mallory, Jr., County Judge/Executive
Members of the Todd County Fiscal Court
Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of
Financial Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "E. B. Hatchett, Jr.", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 20, 1999

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

Honorable Cecil S. Mallory, Jr., County Judge/Executive
Members of the Todd County Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Todd County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1998. Todd County's major federal program is identified in the Schedule of Findings and Questions Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Todd County's management. Our responsibility is to express an opinion on Todd County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Todd County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Todd County's compliance with those requirements.

In our opinion, Todd County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

Internal Control Over Compliance

The management of Todd County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Todd County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Honorable Cecil S. Mallory, Jr., County Judge/Executive
Members of the Todd County Fiscal Court
Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance (Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "EQ Hatchett", with a horizontal line extending from the top of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed –
April 20, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TODD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Todd County.
2. One reportable condition relating to the audit of the financial statements is reported in the Independent Auditor's Report.
3. No instance of noncompliance material to the financial statements of Todd County was disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award programs for Todd County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Todd County reported in Part C of this Schedule.
7. The program tested as a major program was Department of Housing and Urban Development – State Administered Small Cities Program (CFDA# 14.228)
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Todd County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONCOMPLIANCES

The Fiscal Court Should Adopt An Administrative Code In Proper Form

The fiscal court has not adopted an Administrative Code in the form required by KRS 68.005. The required areas are as follows:

- a) General administration of the office of County Judge/Executive, county administrative agencies, and public authorities;
- b) Administration of county fiscal affairs including budget formulation, receipt and disbursement of county funds, preparation of records for the county audit and the filing of claims against the county;
- c) Personnel administration including description and classification of nonelected positions, selection, assignment, supervision and discipline of employees, employee complaints, and the county affirmative program;
- d) County purchasing and award of contracts; and
- e) Delivery of county services.

Management's Response:

This is a fiscal court responsibility. I have no control over this.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TODD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Numbers</u>	<u>Expenditures</u>
<u>Cash Programs</u>		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department of Local Government:		
State Administred Small Cities Program- Community Development Block Grant- Senior Citizens Center Project (CFDA # 14.228)	B-90-DC-21-001(074) B-93-DC-21-001(071)	\$ 405,445
Disaster Recovery Initiative Program (Grant # 1557)	Grant 1557 FY 98	<u>7,710</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 413,155</u>
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet:		
Local Law Enforcement Block Grant (CFDA # 16.592)	LLEB-73-1/97	<u>\$ 2,500</u>
Total Expenditures of Federal Awards		<u><u>\$ 415,655</u></u>

TODD COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1998

Note 1 - Basis of Presentation

This schedule is presented on a cash basis.

Note 2 - As required by this grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

TODD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

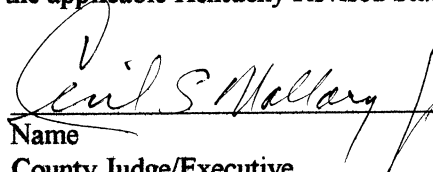
Appendix A

CERTIFICATION OF COMPLIANCE

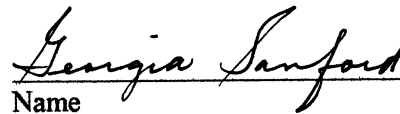
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

TODD COUNTY FISCAL COURT

The Todd County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer